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11 September 1950

MEMORANDUM FOR: Mr. Houston

SUBJECT: State-Defense Staff Study

REFERENCE: Your memo of 1 September 1950 and enclosures

1. We note that your Tab D (final version to date) of the paper for which General Magruder seeks the DCI's agreement was referred to us for information only.
2. Attached, however, are some comments thereon for your use. They are not all-inclusive and not necessarily the most important items. I emphasize particularly the last two paragraphs thereof, "Conclusions" and "Recommendations".
3. We particularly wish to point out that, if the new National Estimates Staff and Current Intelligence Staff of the National Intelligence Group are really a part of CIA, then this paper deals wholly with the internal reorganization of CIA. We might submit a staff study on reorganizing the Pentagon or State !!!
4. I am still very suspicious of an "IAC Headquarters". That has the germ of becoming another CIA, under the Committee instead of under the DCI.
5. We still think the DCI reply of 26 July 1950 to Undersecretary Webb is the document that should go to the NSC. That clears up the misinterpretations given to the old NSCID No. 1. Otherwise it will be sidetracked or pigeonholed by Defense or State (as has been done with the plan for a merged Operations Office) and no solution will be reached and the IAC Members will continue to build themselves up and evade the intent of a Central Intelligence Agency. If we go along with the Magruder Plan, we should be called the Service Department of the Established Intelligence Agencies.

PRESCOTT CHILDS, Chief  
Coordination Operations  
and Policy Staff

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11-2150

11 September 1950

MEMORANDUM FOR: Acting Executive

SUBJECT: State's Staff Study on Production of National Intelligence

Introduction

These comments are addressed to Attachment D of your memorandum of 1 September 1950 which attachment reflected the points agreed upon in discussion between the DCI and General Magruder.

1. The subject document contains grave inconsistencies and impracticable provisions which make it, not only unwise, but, impossible for the Director of Central Intelligence to accept it as written.

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2. In Section 1, under the heading "GENERAL" appears the following sentence:

"Strictly political or strictly military intelligence estimates, for example, should be considered as national intelligence in those cases where such estimates are required in the formulation of policy at the national level, and as such will be processed in accordance with the policies set forth herein."

Comment:

Involved in this sentence is a cleverly concealed concept. The word "strictly" is meant to cover "prepared only by." Thus by a "strictly political" estimate is meant an estimate prepared solely by the intelligence organization of the Department of State. This approach is used to lessen the authority and stature of a central intelligence agency by not recognizing CIA's responsibility for the production of national estimates which are "strictly political" or "strictly economic, etc." We know that even in such cases CIA must review any such paper before its product becomes national intelligence and as such is used as a basis for national policy. In fact CIA is the only intelligence organization which has complete objectivity in that it is not grooved by any departmental policy line.

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**SECRET**

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- 2 -

## 3. Also in Section 1 appears the following sentence:

"Because national intelligence serves as a basis for the formulation of policy at the national level, it is essential that it represent in every instance a synthesis of all pertinent intelligence and information available to the departments." (Punctuation supplied)

Comment:

The document recognizes, as it must, that CIA produces national intelligence. Accordingly, the products of the Current Intelligence Staff (CIS) of the National Intelligence Group (NIG) are national intelligence estimates of the "quickie" type. Because these products of the Current Intelligence Staff are to be prepared with speed appropriate to their significance they do not and cannot represent a progressive synthesizing method in every instance.

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## 4. Also contained in Section 1 is the sentence:

"Such a synthesis should be based on a cooperative process of preparation in which departmental contributions, oral or written, and departmental intelligence views are fully considered at all stages of production."

Comment:

On paper, such a statement sounds not only beneficial, but most plausible. However, in practical application the process involved is very unrealistic. "..... departmental contributions, oral or written, and departmental intelligence views" cannot be "fully considered at all stages of production" unless the departmental production organizations are constantly and at all times fully available and responsive to the demands of CIA. Instances too numerous to repeat in this memo have already been brought to the attention of the DCI indicating clearly the inability of departmental intelligence producers to serve two masters, the DCI and the head of the department or agency concerned.

\* \* \* \* \*

5. Section 2 under "Composition" of the IAC speaks about the designation by the DCI and each IAC member of qualified individuals "for duty with the IAC" and indicating that these designees "shall be fully empowered to take final action on all matters covered by this Directive...."

**SECRET**

**SECRET**

- 3 -

Comment:

The proposed Directive does not clarify the scope of the responsibilities of those designated individuals. For example, the paper specifies in Section 5 that "the National Intelligence Group shall be established as an organic part of CIA." Where those persons are designated by the IAC members "for duty with the IAC" does that make them "an organic part of CIA?" If these persons are to be on a full time basis in the "Ivory Tower" of IAC, what is the relationship with the head of the NIE or with the CIA officials in charge of the National Estimates Staff or the Current Intelligence Staff? Do these designees form a free floating layer between these Staff officials and the Director of Central Intelligence? These questions are merely indicative of many more that could be asked about this same problem.

6. In Section 6, e. it is stated that the National Estimates Staff:

"Periodically report to the presiding officer of the IAC on the adequacy and completeness of available information required in the preparation of national estimates."

Comment:

If the National Estimates Staff is an integral part of the National Intelligence Group which in turn is "an organic part of CIA" then the periodic reports called for in this Section should go to the Director of Central Intelligence who would decide what dissemination they would receive.

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7. Under the heading Central Intelligence Agency, Section 9, a. states:

"All offices of CIA having intelligence resources shall contribute to the requirements of the NES and the CIS in accordance with the same principles as Federal agencies outside of CIA."

Comment:

This vitiates completely the stature of the CIA as conceived in the National Security Act of 1947. CIA is not merely another intelligence agency similar to the departmental intelligence production offices. The

**SECRET**

**SECRET**

- 4 -

statement just quoted should not be subscribed to by CIA which is set up to coordinate the intelligence functions of the several departments and agencies of Government.

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8. Section 9, b. reads:

"Intelligence offices of CIA, other than the National Intelligence Group, shall produce intelligence prescribed in paragraphs (4) and (5) of Section 102d of the National Security Act of 1947, and implementing NSC directives."

Comments:

Simple analysis indicates that this statement does not make good sense. Section 5 of the National Security Act of 1947 says that CIA shall perform "functions and duties relating to intelligence affecting the national security as the National Security Council may from time to time direct." Accordingly, the NSC may from time to time ask the DCI for certain national intelligence estimates and according to 9, b. (just quoted), these estimates would not be produced by the NII but by other "intelligence offices of CIA." Thus the other intelligence offices of CIA amount to a second National Intelligence Group.

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9. Section 10, a. in speaking about CIA's responsibility for correlation and evaluation of intelligence states that in carrying out his responsibility the Director's "available means are the coordinated resources of departmental intelligence agencies of the Government and of CIA itself."

Comment:

The "means" available to the Director are not the "coordinated resources" of the departmental intelligence agencies but rather his statutory powers to coordinate such activities. In fact one of the main objectives of bringing CIA into being is to effect such coordination since it does not exist today. Furthermore, coordination is not a chapter to be written and completed but rather a continuing function which will always be required as long as we have several agencies carrying on similar functions in the same broad field of intelligence.

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10. In Section 10, c. appears the following sentence:

"In the event the IAC or any member fails to act in the preparation of, or to indicate his approval or dissent with respect to, a national estimate or study, or whenever the DCI deems such action essential as provided in paragraph 6, c. he shall proceed with dissemination in accordance with his statutory responsibility."

Comment:

Here again is a grave operating weakness which cannot be eliminated by the writing of mere words into a Directive. We have had many bitter experiences where CIA did not ascertain the fact until at an embarrassingly late hour that the departmental production office was unable to meet its deadline. Because CIA was depending upon such contributions, it was then compelled to produce what it could not get from the departmental organization.

Conclusion:

All the previous comments were beamed specifically at particular points within the proposed document. The paper, as a whole, contains the same grave major errors which were present in the first State-Defense Staff Study, and which are repeated almost verbatim in the so-called corrected version sent to the DCI by Undersecretary Webb on August 11th. Granting that the Study contains some excellent suggestions which should receive sympathetic consideration within CIA, to strengthen its internal organization, the paper as a whole does not give to our national policy makers the kind of a Director of Central Intelligence visualized in the National Security Act.

Recommendation:

Because of the very serious implications of the paper, it is strongly recommended by COAPS that the Director not subscribe to either the revised version of the State-Defense Staff Study or to the Magruder edition of this document, at a time when such acceptance would bring about such radical changes, as to increase unnecessarily the tremendous burdens which will be faced by the new Director. Furthermore, the DCI took a very strong and positive stand only a few weeks ago when he wrote to the Undersecretary of State that

"The proposals set forth in the Staff Study would be so radical a departure from the concept of the Central Intelligence Agency as envisaged by the Congress that there exists at present no legal authority to adopt them."

The circumstances have not changed since that time to alter the position taken by the Director of Central Intelligence.

PRESCOTT CHILES, Chief  
Coordination, Operations

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